

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ISO-00 L-03 /020 W
-----022153Z 022960 /72-61

R 021220Z FEB 77
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 8999
USDOC WASHDC

UNCLAS LAGOS 01165

E.O. 11652: N/A
TAGS: EFIN, NI
SUBJECT: 1976 INSURANCE DECREE

REF: STATE 019051

1. FOLLOWING KEYED TO QUESTIONS RAISED REFTEL:

A. FMG DECREE NO. 59 TITLED QUOTE INSURANCE DECREE 1976
UNQUOTE WAS PROMULGATED ON DECEMBER 1, 1976. AFFECTED PARTIES
HAVE UNTIL MAY 31, 1977 TO COMPLY WITH THE DECREE. NOTE,
HOWEVER, THAT COMPLIANCE IS RETROACTIVE TO DECEMBER 1, 1976,
I.E. INSURANCE POLICIES WRITTEN AFTER DECEMBER 1, 1976 MUST BE
REWRITTEN BY MAY 31, 1977.

B. ONLY INSURANCE COMPANIES REGISTERED IN NIGERIA, INCLUDING
100 PERCENT INDIGENOUS, PARTLY FOREIGN OWNED AND STATE OWNED
FIRMS, MAY INSURE NIGERIAN IMPORTS AND EXPORTS.

C. DECREE IS ONLY CONCERNED WITH INSURANCE OF IMPORTS
AND EXPORTS HERE BY NIGERIAN REGISTERED INSURERS. SUPPLIERS
THUS FREE TO INSURE EXPORTS WITH U.S. OR OTHER INSURANCE
COMPANIES SO LONG THAT GOODS ARE ALSO INSURED BY A
NIGERIAN REGISTERED COMPANY.

2. INSURANCE COMPANIES HERE PROTESTING DECREE IN CONCERT
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PRIMARILY BECAUSE OF STRINGENT RESERVE REQUIREMENTS (SECTION 17)
WHICH MAY FORCE UNDERCAPITALIZED FIRMS OUT OF BUSINESS. IF
DECREE IS NOT MODIFIED, ADDITIONAL CAPITALIZATION REQUIREMENTS
WILL RESULT IN LEAN PROFITS OR PERHAPS A LOSS FOR FIRMS IN
1977, ALTHOUGH THIS WOULD BE MODERATED BY FARMING OUT POLICIES
AMONG REINSURERS ABROAD. AIIC REP SAYS HIS FIRM AS WELL AS
MOST OTHER ESTABLISHED INSURERS HERE NOT INTERESTED IN

ADDITIONAL BUSINESS BUT LIKELY THAT FMG WILL PRESSURE THEM
TO ABSORB SOME.

3. SAVANNAH BANK (BANK OF AMERICA) GENERAL MANAGER REPORTS
NUMBER OF REQUESTED LETTERS OF CREDIT HAS DECREASED BECAUSE OF
DECREE, BUT THINKS MARKET WILL BOUNCE BACK ONCE CONFUSING AMONG
SUPPLIERS CLEARS UP. BANKS NOW ISSUING LETTERS OF CREDIT ON
C&F NOT CIF BASIS. INSURANCE THUS IS RESPONSIBILITY OF BUYER.
SINCE BANKS NOT LIKELY TO ISSUE LETTER OF CREDIT FOR GOODS
INSURED BY TOTALLY INDIGENOUS FIRM, MANY SUPPLIERS ARE INSURING
GOODS WITH REPUTABLE FOREIGN COMPANIES IN ADDITION TO USING
LOCAL INSURERS. LIKELY THAT DOUBLE INSURANCE FORMULA WILL BECOME
THE RULE. ALTHOUGH THIS WILL RAISE DISTRIBUTOR COST 1 TO 2
PERCENT AND MARKET PRICES BY PERHAPS 6 PERCENT, EMBASSY
ESTIMATES THAT THE LONG TERM EFFECT ON NIGERIA' IMPORT
TRADE WILL BE SLIGHT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, POLICIES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS01165
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770037-0910
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770282/aaaacucs.tel
Line Count: 79
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Review Exemptions: n/a
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 3432898
Secure: OPEN
Status: NATIVE
Subject: 1976 INSURANCE DECREE
TAGS: EFIN, NI
To: STATE COM
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/466e6dcd-c288-dd11-92da-001cc4696bcc
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